Rate-of-Return Model Parameters Determine the Program's Success

On Behalf of the Nebraska Companies

Harold Furchtgott-Roth, Furchtgott-Roth Economic Enterprises
Ken Pfister, Great Plains Communications
Wendy Thompson Fast, Consolidated Companies

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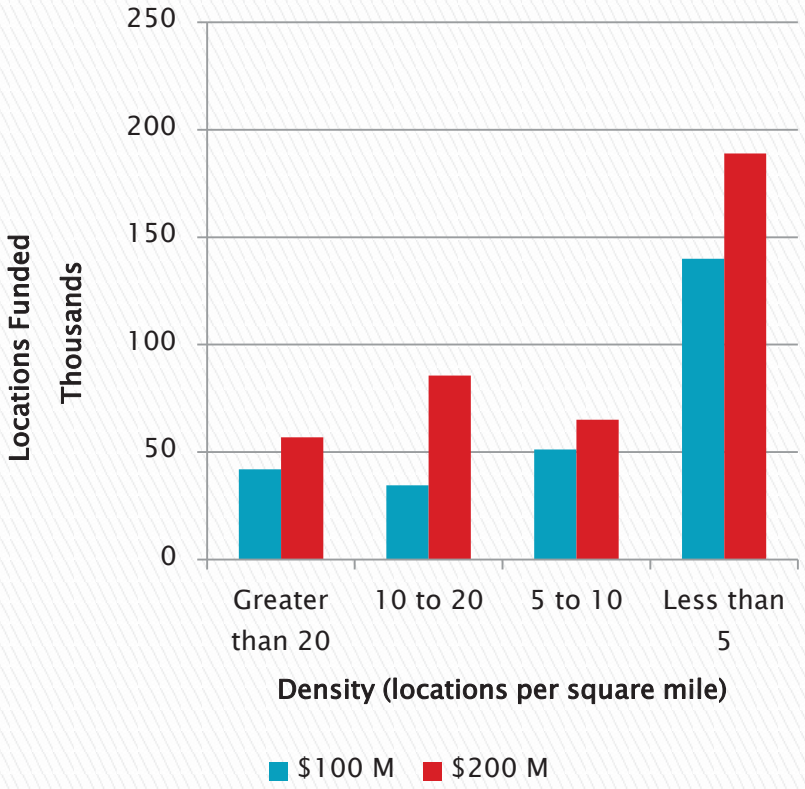
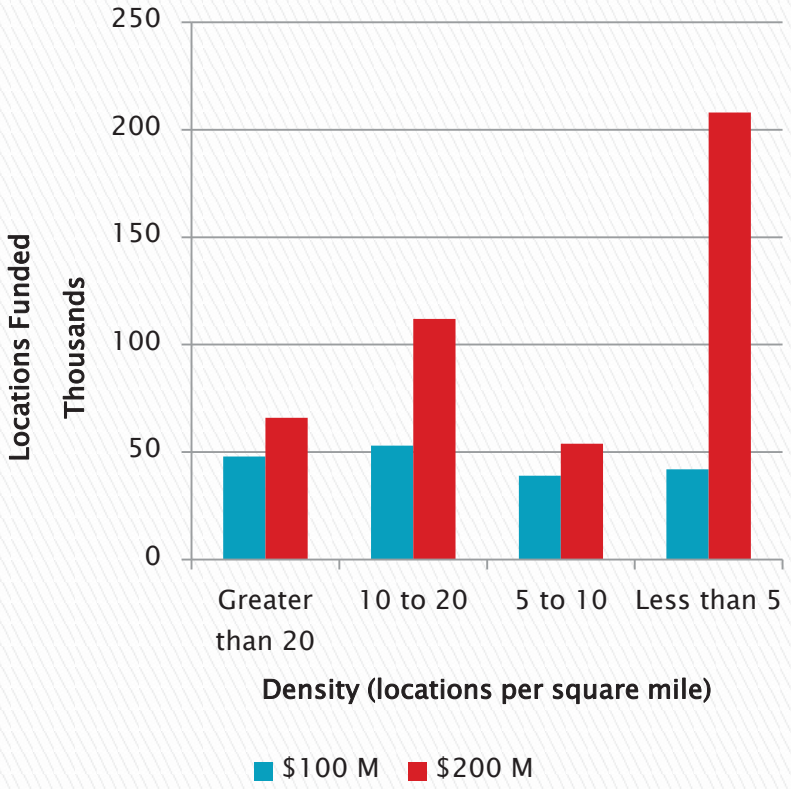
At $200 Million, Many More Rural Locations Are Funded



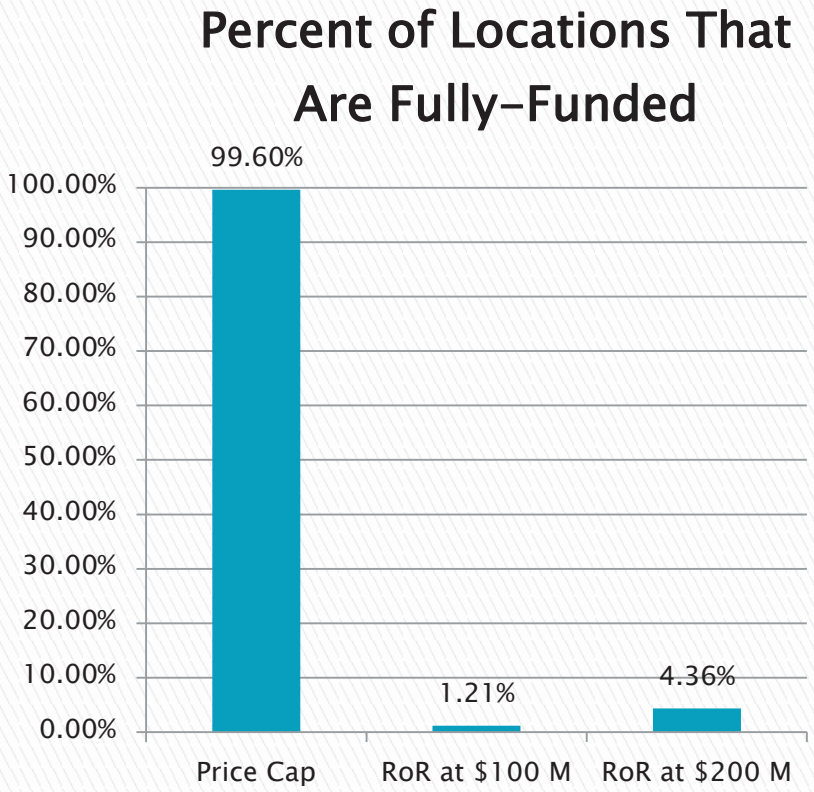


Assumes companies will take model at 1.5 times more than legacy support.

Assumes companies will take model at $1 more than legacy support.

Average schedule density was not available so these locations were excluded.

More Locations Are Fully Funded in Price Cap Areas than in RoR Areas



- Nearly all Price Cap locations were fully funded, but only a small fraction of RoR locations would be
- RoR companies must commit to higher speeds (25/3 Mbps to many) than what is required of price cap carriers

Assumes ROR companies select model if model is 1.5X more than legacy .

$100 M for the RoR Model Penalizes RoR Customers Compared to Price Cap Customers

- Many more RoR customers are located in high-cost rural areas than are Price Cap customers
- RoR funding per location is substantially below the level of Price Cap funding per location
  - Price cap funding: up to $200 per location
  - RoR funding at $100 M: up to $66 per location*
  - RoR funding at $200 M: up to $108 per location*

*Assumes ROR companies select model if model support is 1.5X more than legacy.

Model Parameters to Make the RoR Model Effort Successful

- Fund the model at $200 million or $200 per location
- Restrict the model election to those companies that have significant costly deployment yet to be undertaken
- Require model recipients to be accountable for the funding provided

Great Plains' Experience with Satellite

- Customers reportedly choose slower speed wireline broadband over satellite service
- For an much as 18 months at a time, the satellite providers don't allow new customers to subscribe
- Customers on average exceed their capacity limits at least one time per year
  - Minimal streaming video causes customers to exceed their capacity limits
  - Customers have to upgrade computer software at night when capacity limits don't apply
- Businesses can't use the service for VPN, a common application, because of slow speeds, latency and no static IP address

Consolidated and Great Plains' Experience with Fixed Wireless

- Data rates were insufficient and could not be scaled to meet customer demand
  - 5/1 Mbps could only be achieved when just one customer was connected at a distance of 1 mile
- Fewer customers than projected could be served on the towers
  - Only 45 customers/tower could be connected even though 200 customers/tower were projected in engineering estimates
- The signal could not reach many customers
  - Even though the technology didn't require line of sight, customers in the valleys could not be reached
  - Outdoor modems had to be used, which increased the cost
- Given these issues, both companies would have chosen a wireline technology if they had an opportunity to do these projects again
  - The cost of FTTH or FTTN would have been comparable
  - FTTH and FTTN perform better and are scalable